

Message Text

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ORIGIN PM-05

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DRAFTED BY PM/NPP:GOPLINGER/DS
APPROVED BY PM/NPP:GOPLINGER
S/AS-AMB. SMITH
T/D-MR. NYE
OES/NET-MR. DEMING
ARA-MR. RONDON
L/N-MR. BETTAUER
ACDA-MR. VAN DOREN
-----079439 220526Z /11

P 220025Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES PRIORITY

S E C R E T STATE 073111

E.O. 11652: GDS

TAGS:PARM, ENRG, AR

SUBJECT:DIPLOMATIC NOTE ON NUCLEAR COOPERATION

1. DURING RECENT DISCUSSIONS WITH AMBASSADOR SMITH IN VIENNA, ADMIRAL CASTRO MADERO ASKED THAT WE PROVIDE HIM A WRITTEN STATEMENT OF THE CONDITIONS UNDER WHICH WE WOULD SUPPLY HEAVY WATER TECHNOLOGY TO ARGENTINA. WE WELCOME THE OPPORTUNITY TO SET THE RECORD STRAIGHT ON WHAT THE ARGENTINES HAVE BEEN TOLD IN THE PAST. IT IS IMPORTANT TO RESPOND TO CASTRO MADERO'S REQUEST AND TO ESTABLISH OUR POSITION UNEQUIVOCALLY TO FORESTALL ANY FURTHER ARGENTINE MISUNDERSTANDING.

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2. EMBASSY IS REQUESTED TO DELIVER FOLLOWING NOTE TO APPROPRIATE SENIOR LEVEL OF FOREIGN OFFICE, WITH COPIES TO ADMIRAL CASTRO MADERO AT CNEA AND, IN EMBASSY'S DISCRETION, TO SENIOR OFFICIAL AT PRESIDENCY.

3. QUOTE THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS AND HAS THE HONOR TO REFER TO

RECENT DISCUSSIONS BETWEEN OFFICIALS OF OUR TWO GOVERNMENTS CONCERNING OUR COOPERATION IN THE FIELD OF NUCLEAR ENERGY. THE UNITED STATES WISHES TO CONFIRM ITS POSITION ON A NUMBER OF THE QUESTIONS EXPLORED IN THOSE DISCUSSIONS, INCLUDING THE QUESTION OF THE POSSIBLE TRANSFER TO ARGENTINA OF TECHNOLOGY AND EQUIPMENT FOR THE PRODUCTION OF HEAVY WATER, AND ITS UNDERSTANDING OF THE JOINT COMMUNIQUE ISSUED DURING THE VISIT OF SECRETARY OF STATE VANCE TO BUENOS AIRES ON NOVEMBER 20 TO 22, 1977.

DURING THE DISCUSSIONS BETWEEN OUR OFFICIALS IN BUENOS AIRES ON NOVEMBER 18 TO 22, 1977, THE UNITED STATES INDICATED THAT IT WOULD WELCOME THE EXPANSION OF NUCLEAR COOPERATION BETWEEN OUR TWO COUNTRIES SUBJECT TO THE REQUIREMENTS OF US POLICY AND LEGISLATION. US OFFICIALS DESCRIBED A THREE-STAGE PROCESS THROUGH WHICH SUCH EXPANDED COOPERATION MIGHT TAKE PLACE.

IN THE FIRST STAGE, THE ARGENTINE GOVERNMENT WOULD RATIFY THE TREATY OF TLATELOLCO, AND THE UNITED STATES WOULD RATIFY PROTOCOL I OF THE TREATY OF TLATELOLCO. THESE ACTIONS WOULD OCCUR SIMULTANEOUSLY; THEY WOULD NOT BE LINKED, NOR WOULD SUBSEQUENT STAGES OF EXPANDED COOPERATION BE SPECIFICALLY LINKED TO THESE ACTIONS. THESE MEASURES WOULD, HOWEVER, CREATE A CLIMATE OF MUTUAL COOPERATION AND FACILITATE SUBSEQUENT STAGES. THE UNITED
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STATES AND ARGENTINA WOULD ALSO, IN THIS FIRST PHASE, COMPLETE NECESSARY ARRANGEMENTS TO PERMIT THE TRANSFER OF US-ORIGIN ENRICHED URANIUM FROM ARGENTINA TO PERU TO FUEL A ZERO-POWER RESEARCH REACTOR WHICH ARGENTINA IS SUPPLYING TO PERU. IT WAS UNDERSTOOD THAT IN SUBMITTING ITS RATIFICATION OF THE TREATY OF TLATELOLCO, THE ARGENTINE GOVERNMENT WOULD NOT MAKE ANY STATEMENT INTERPRETING ARTICLE 18 OF THE TREATY AS PERMITTING THE DEVELOPMENT, MANUFACTURE, OR TESTING OF PEACEFUL NUCLEAR EXPLOSIVE DEVICES BY ARGENTINA.

AS A SECOND STAGE IN THE EXPANSION OF NUCLEAR COOPERATION BETWEEN OUR TWO GOVERNMENTS, THE UNITED STATES INDICATED THAT IT WOULD BE PREPARED TO APPROVE THE TRANSFER OF URANIUM ENRICHED TO A MAXIMUM OF 20 PERCENT IN THE ISOTOPE U-235 TO FUEL RESEARCH REACTORS WHICH ARGENTINA MIGHT SUPPLY TO OTHER GOVERNMENTS, AND TO CONSIDER THE PROVISION

OF ENRICHED URANIUM TO FUEL ARGENTINA'S RA-3 RESEARCH REACTOR AND THE PROVISION TO ARGENTINA OF HEAVY WATER. COOPERATION IN ALL THESE AREAS WOULD BE FACILITATED BY A FULL-SCOPE SAFEGUARDS AGREEMENT WITH THE IAEA WHICH IS

LEGALLY REQUIRED FOR THE TRANSFER OF URANIUM ENRICHED TO 20 PERCENT. SOME OF THE TRANSFERS CONTEMPLATED IN THIS STAGE WOULD NECESSITATE AMENDMENT OF THE US-ARGENTINE AGREEMENT FOR COOPERATION TO COMPLY WITH THE REQUIREMENTS OF NEW US LEGISLATION; ALL WOULD REQUIRE COM-

PLIANCE WITH THE IMMEDIATE LICENSING CRITERIA ESTABLISHED BY THE LEGISLATION.

THE UNITED STATES WOULD BE PREPARED TO CONSIDER, IN A THIRD STAGE OF EXPANDED COOPERATION, THE TRANSFER OF HEAVY WATER PRODUCTION TECHNOLOGY TO ARGENTINA. THIS TECHNOLOGY IS CONSIDERED SENSITIVE UNDER US POLICY AND LEGISLATION, AND ITS TRANSFER TO ANOTHER COUNTRY WOULD MARK
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AN IMPORTANT DEPARTURE FROM US POLICY WHICH COULD ONLY BE CONTEMPLATED UNDER CONDITIONS WHICH ADHERE TO US NON-PROLIFERATION OBJECTIVES. DEFERRAL OF CHEMICAL REPROCESSING ACTIVITIES IN ARGENTINA,

WOULD BE AN ESSENTIAL PRECONDITION.

ADDITION, SUCH TRANSFERS WOULD REQUIRE AMENDMENT OR RENEGOTIATION OF OUR AGREEMENT FOR COOPERATION, INCLUDING THE PROVISIONS FOR AMENDED AGREEMENTS SET FORTH IN US LAW AND WOULD BE SUBJECT TO THE LICENSING CRITERIA SET FORTH IN THAT LEGISLATION.

PARAGRAPH 7 OF THE JOINT COMMUNIQUE OF NOVEMBER 21, 1977,

EXPRESSES THE INTEREST OF OUR TWO GOVERNMENTS 'IN INCREASING THE SCOPE OF THEIR EXISTING AGREEMENT FOR COOPERATION TO INCLUDE RELEVANT TECHNOLOGY AND WAYS OF MEETING ARGENTINA'S HEAVY WATER NEEDS AS WELL AS PROVISION OF FUEL TO BE USED IN THE RESEARCH REACTORS THAT ARGENTINA HAS PROPOSED TO EXPORT TO PERU, RECOGNIZING ARGENTINA'S POTENTIAL AS A SIGNIFICANT NUCLEAR SUPPLIER ON THE SAME BASIS AS OTHER SUPPLIERS.' IT IS OUR CLEAR UNDERSTANDING THAT THIS PORTION OF THE COMMUNIQUE WAS INTENDED TO REFER TO EXPANDED US-ARGENTINE NUCLEAR COOPERATION UNDER THE FIRST AND SECOND STAGES OUTLINED ABOVE, AND THAT THE REFERENCE TO 'RELEVANT TECHNOLOGY' DID NOT INCLUDE THE TRANSFER OF HEAVY WATER PRODUCTION TECHNOLOGY EXCEPT UNDER THE CONDITIONS DESCRIBED FOR THE THIRD STAGE. THE REQUIREMENT FOR A DEFERRAL OF REPROCESSING ACTIVITIES AS WELL AS NEGOTIATION OF A FULL-SCOPE SAFEGUARDS AGREEMENT AS A PRECONDITION FOR THE TRANSFER OF HEAVY WATER PRODUCTION TECHNOLOGY WAS EXPLAINED TO ARGENTINE OFFICIALS DURING ADMIRAL CASTRO MADERO'S VISIT TO WASHINGTON
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ON OCTOBER 18, 1977, DURING THE COURSE OF OUR EXCHANGES
IN BUENOS AIRES IN NOVEMBER, MORE RECENTLY IN DISCUSSIONS
WITH DR. JOSEPH NYE IN WASHINGTON AND WITH AMBASSADOR
GERARD SMITH IN VIENNA, AND IN DISCUSSIONS WITH AMBASSADOR
AJA ESPIL ON FEBRUARY 6, 1978.

THE US WOULD LIKE TO REITERATE ITS WILLINGNESS TO COOPERATE
WITH ARGENTINA IN ACCORDANCE WITH THE THREE-STAGE PROCESS
DESCRIBED ABOVE. UNQUOTE VANCE

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NNN

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